

Board of Directors

OFFICE OF THE SECRETARY
FINANCIAL INSTITUTIONS

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GOVERNMENT
DEVELOPMENT
BANK FOR
PUERTO RICO

COMMONWEALTH OF PUERTO RICO

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CERTIFICATE AS TO RESOLUTION

I, **JORGE A. RIVERA**, Secretary of the Board of Directors of Government Development Bank for Puerto Rico, **DO HEREBY CERTIFY** that attached hereto is a true and correct copy of **Resolution 9296** which was duly adopted by the Board of Directors of said Bank at its meeting duly called and held on May 19, 2010, at which a quorum was present and acting throughout. Said Resolution has not been in any way amended, annulled, rescinded or revoked, and the same is still in full force and effect.

RESOLUTION 9296

TO AUTHORIZE A LINE OF CREDIT OF \$63,000,000 TO THE PUERTO RICO HIGHWAY AND TRANSPORTATION AUTHORITY WHICH WILL BE USED TO FUND PAYMENTS DUE UNDER TWO SEPARATE SETTLEMENT AGREEMENTS, THEREBY ENDING CERTAIN LEGAL PROCEEDINGS TO WHICH THE AUTHORITY IS A PARTY; AND OTHER RELATED ACTIONS

WHEREAS, the Puerto Rico Highways and Transportation Authority (the "Authority") entered into two separate Memoranda of Understanding (the "MOUs"); one with Siemens Transportation Partnership Puerto Rico, S.E. ("Siemens"), Alternate Concepts, Inc. ("ACI") and J.R. Requena & Associates ("JRA" and, collectively with Siemens and ACI, the "Consortium"); and another with Acciona Infraestructura, S.A., Redondo Entrecanales S.E. and Necso Redondo S.E. (collectively, "Acciona"), pursuant to which the parties agree to resolve the disputes under certain ongoing litigation with respect to the construction of the Tren Urbano, pursuant to the general terms as set forth in the MOUs;

WHEREAS, pursuant to the terms of the MOUs, final settlement is expressly contingent upon approval by Government Development Bank for Puerto Rico (the "Bank") of the financial terms and payment schedule of the settlement, as well as the Bank's grant of an acceptable guarantee of the Authority's payment obligations under the relevant settlement agreement;

WHEREAS, pursuant to the MOUs, the Authority would be required to make settlement payments in the aggregate amount of up to \$63,000,000;

WHEREAS, failure to enter into final settlements as described above would be greatly detrimental to the Tren Urbano's infrastructure and the fiscal stability of the Authority;

WHEREAS, currently the Authority does not have the financial resources to pay the settlement payments and has requested the Bank's assistance, in the form of interim financing and corresponding guaranty of payment, to comply with its obligations with respect to the settlement payments;

WHEREAS, the Authority expects to repay the additional interim financing of the Bank with the proceeds of a future bond issue to be made by the Authority after taking all the necessary steps to improve its current financial condition or with other available funds of the Authority;

WHEREAS, the Bank is willing to provide the financing requested by the Authority in an amount not to exceed \$63,000,000 in accordance with the terms and conditions set forth in this Resolution, which the Bank understands will satisfy the immediate and urgent need of funds of the Authority;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Government Development Bank for Puerto Rico:

1. The Authority of hereby authorized to enter into final settlement agreements with the Consortium and Acciona, respectively, under financial terms and payment schedule as least as favorable as those set forth in the MOUs; provided, that each of the President or the Executive Vice President of Financing and Treasury is hereby authorized and directed to negotiate and authorize the final settlement agreements on behalf of the Bank with such modifications as shall be approved by the President or the Executive Vice President of Financing and Treasury, such person's authorization to be conclusive evidence of the approval by the Board of any changes, insertions, or omissions therein.
2. A non-revolving line of credit in an amount of \$63,000,000, including a corresponding guarantee of payment, for the purpose of paying the settlement amounts due to the Consortium and Acciona, pursuant to final settlement agreements, as set forth above is hereby authorized (the "Loan").
3. The principal amount of the Loan shall mature and be due and payable on August 30, 2012. Said principal amount shall be payable from any available moneys of the Authority. The President of the Bank is hereby authorized to extend further, if necessary, the maturity date of the Loan from time to time, but in no event will the maturity of the Loan be extended beyond August 30, 2013. The Loan shall bear interest until paid in full at a rate or rates per annum determined in accordance with the Loan Agreement, to be entered by and between the Bank and the Authority (the "Loan Agreement"). Interest shall be payable monthly in arrears not later than the tenth Banking Day (as defined in the Loan Agreement) following receipt from the Bank of the statement referred to in the next sentence of this paragraph, from any available moneys of the Authority. Each month the Bank shall furnish to the Authority a written statement showing the amount of interest due and payable by the Authority on the Loan for the preceding month. The Authority may prepay the Loan at

any time without penalty or premium. The Loan shall be junior and subordinate to outstanding bonds of the Authority and shall be subject to certain other terms and conditions, to be included in the Loan Agreement.

4. In connection with the Loan, a guaranty of the punctual payment of the obligations of the Authority under the final settlement agreements, in form and substance acceptable to the Consortium and Acciona, respectively, is hereby authorized.
5. The execution and delivery by the President, any Executive Vice President, any Senior Vice President, or any Vice President of the Bank, of the Loan Agreement, and any related documents, by and between the Bank and the Authority are hereby authorized. Upon the execution and delivery of the Loan Agreement, the Authority shall execute a note in the principal amount of the Loan.
6. This Resolution is intended to be a declaration of official intent under U.S. Treasury Department Regulation Section 1.150-2.
7. The President, the Executive Vice President, any Senior Vice President, or any Vice President of the Bank are hereby authorized to take all actions necessary of them to carry out the provisions of this Resolution, and to include other terms and conditions necessary to protect the Bank's interest and to complete this transaction.

This Resolution shall take effect immediately upon its adoption.

IN WITNESS WHEREOF, I set my hand and the official seal of Government Development Bank for Puerto Rico, this 9th day of June, 2010.


JORGE A. RIVERA
SECRETARY

(SEAL)

